

A smarter cup

INTELLIGENT BLENDS HAS STAYED ON TOP OF COFFEE AND BEVERAGE TRENDS TO PROVIDE INCREASED FUNCTIONALITY AND DIVERSE OPTIONS TO THE SINGLE-SERVE CO-PACKING MARKET.

Trends come and go, but every once in a while, something comes along that leaves a lasting taste on the coffee industry.

One of the biggest trends has been single-serve K-Cups, currently more than 40 per cent of homes in the United States own a single-cup brewer, according to Statista.

A big turning point occurred for single-serve in 2013 when Keurig's patent on the K-Cup expired. Many businesses took up the opportunity to produce capsules of their own, though Intelligent Blends Vice President of Sales, John Lenz, says few did so with innovation and sustainability in mind.

"At the time, K-Cups were priced high because there was no competition, which meant there was also no innovation occurring to improve the product and sustainability seemed to be an afterthought," Lenz says.

"Our K-Cup design produces a more effective extraction than a typical K-Cup. This is thanks to a ribbed design around the outside of the cup that lines up with the filter paper, match that with a bottom dimple design and you have a reduced surface area inside of the K-cup, producing more turbulence and extraction. In turn, you get a more robust cup of coffee."

Another unique factor of Intelligent Blends' K-Cups is that they are made of polypropylene (PP#5) instead of polystyrene, ensuring they can be recycled. PP#5 plastics are accepted in more than 45 per cent of recycling centres, and are a proven food-and-beverage-safe plastic.

Lenz says the business wanted something sustainable that could be recycled through mainstream channels, unlike some compostable pods that need to go to industrial facilities, which are very limited

around the US.

"We feel really strongly about the sustainability of our K-Cups. But taking a step back and looking at K-Cups and single serve overall, there's studies that show the environmental impact is better than a bag of whole bean coffee," he says.

"There's a lot of time, effort, labour, and energy that goes into making that coffee, so by having a dosage-controlled single serve, you're eliminating a lot of waste compared to coffee that's not fully extracted."

While Intelligent Blends began simply as a co-packer for private labels, it quickly developed brands and products of its own, which are now in more than 100,000 hotel rooms around the US. Lenz says Intelligent Blends also sells millions of pods every month online in eCommerce, on sites like Amazon, and co-packs for at

least 80 brands around the world. The marketing and business insight it gains from its own labels are used to improve the service it offers as a co-packer.

Intelligent Blends' focus is on K-Cups, but the business also produces and co-packs Nespresso-compatible capsules, plant-based plastic tea bags, single serve stick packs, and bagged coffee. Lenz says this wide variety of formats, combined with its market knowledge and distribution services, allows Intelligent Blends to act as a turnkey solution for its customers.

"We learned along the way that if we're formulating a blend for a customer, it only makes sense to offer it in other proven formats. As a co-packer, we can offer products boxed in any size, from one to 200 count cartons. We've also set up our own warehouses across the country and do a lot of fulfilment for our co-pack customers," Lenz says.

"But what really brought us to that next level is our innovation in what we pack: coffee, flavours, functional additives, cider, cocoa, and teas... you name it, and we have a research and development team that will help formulate and bring that product or idea to fruition."

Functionality is a growing trend in coffee, particularly of additives that promote health or cognition. Lenz says this functional space is where Intelligent Blends and its customers are seeing the most growth.

"While single serve provides convenience to the end user, people want more than that. They want their vitamins in their coffee, their proteins, their mushrooms, whatever it is," he says.

"A large majority of our R&D projects involve everything but coffee, which indicates what consumers are looking for. We're seeing our customers that do functional growing at

Intelligent Blends has found great success in the K-Cup market thanks to a focus on innovations and sustainability.





Success with its own brands provides Intelligent Blends with experience and insight it can share with customers.

an extremely fast pace.”

When asked how the global COVID-19 pandemic has impacted Intelligent Blends, Lenz stated a strong digital presence, particularly on Amazon, has also helped these brands, especially during COVID-19.

“People are staying home and aren’t visiting offices or even their local coffee shops. Instead of one coffee in the morning before they head to work, they’re having two or three cups per day at home. We’re capturing the sales that would

have occurred in those other places,” he says.

“If you look at the numbers, drip coffee has been on the decline in the US for six years now. K-Cups ship easily, are only growing in ownership, and are one of Amazon’s top-selling items. That’s a huge online marketplace.”

Although functional and convenient coffee is on the rise, Lenz says there will be always be space for traditional coffee. Regardless of the convenience, he adds that the coffee must be of a high and consistent quality. This is backed up by stringent quality control.

“Our fourth generation Roast Master, Jeff McIntosh, oversees all of our coffee purchasing. He looks at the requests of the customer to provide exactly what they’re looking for – whether it’s fair-trade, single origin, organic, kosher, and so on,” Lenz says.

“From there, it’s what kind of beans, region, taste, and roast profiles they’re looking for. We really try to understand on our side all of the customers’ desires, and then, with our experience, recommend what beans would be the best for what they’re looking to achieve.”

With increased functionality, and market share due to COVID-19, Lenz says Intelligent Blends expects the popularity of K-Cups and other single serve formats to only grow.

“One thing that’s helped our company grow is understanding that there is a lot of underserved communities of coffee drinkers that have various preferences that they like. We have honed in on those groups and created blends to provide more options,” Lenz says.

“Demand will settle, but reports suggest in a couple years from now, up to 60 or 70 per cent of households in the US will own a K-Cup brewer. All signs show us that the K-Cup market is here to stay.” **GCR**

For more information, visit www.intelligentblends.com



Intelligent Blends has a number of R&D projects involving ingredients other than just coffee.